

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Money Transmitter License of: No. 07F-BD 020 -SBD

3 **WESTERN UNION FINANCIAL SERVICES,**  
4 **INC.**

5 6200 South Quebec Street, Suite 240  
Greenwood Village, CO 80111

**CONSENT ORDER**

6 Respondent.

7  
8 The Arizona Department of Financial Institutions ("Department"), and Respondent  
9 Western Union Financial Services, Inc. ("Western Union"), wishing to resolve this matter in lieu  
10 of an administrative hearing, and Western Union without admitting liability or wrongdoing,  
11 hereby consents to the following Findings of Fact and Conclusions of Law, and entry of the  
12 following Order.

13 **FINDINGS OF FACT**

14 1. Respondent Western Union Financial Services, Inc. ("Western Union") is a  
15 Colorado corporation authorized to transact business in Arizona as a money transmitter, license  
16 number MT 0010709, within the meaning of A.R.S. §§ 6-1201, *et seq.* The nature of Western  
17 Union's business is that of a money transmitter within the meaning of A.R.S. § 6-1201(11).

18 2. An examination of Western Union, conducted by the Department on September 26  
19 to September 30, 2005, and examinations of Authorized Delegates of Western Union conducted  
20 from October 17, 2005 to November 17, 2005, found that Western Union, by failing to adequately  
21 supervise the authorized delegates:

22 a. Western Union authorized delegates failed to maintain policies and  
23 procedures to keep and preserve records, at the authorized delegates' place  
24 of business, that enables the Superintendent to determine compliance with  
25 applicable laws; specifically:

- 26 1. Failed to document and maintain training materials;  
27 2. Failed to maintain policies and procedures to keep and preserve  
28 "domestic transfer forms" for five (5) years; and

1 3. A-1 Food Store (MT AD 0024620), 6514 W. Bethany Home Road,  
2 Glendale, AZ and Rayvan Check Cashing (MT AD 0027611), 515  
3 S. Country Club, Mesa, AZ are two of Western Union's authorized  
4 delegates who violated this provision;

5 b. Western Union authorized delegates failed to maintain records that identify  
6 the source and identity of those employees conducting transactions using  
7 Western Union's money transfer system;

8 1. A-1 Food Store and Rayvan Check Cashing are two of Western  
9 Unions' authorized delegates who violated this provision;

10 c. Western Union authorized delegates failed to file reports with the Arizona  
11 Attorney General's office regarding business in this state pursuant to the  
12 Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-  
13 5326, including any special measures that are established under 31 U.S.C. §  
14 5318A, and 31 C.F.R. part 103 or 12 C.F.R. § 21.11); specifically:

15 1. Failed to send the Arizona Attorney General's Office copies of all  
16 Suspicious Activity Reports ("SARs"); and

17 2. A-1 Food Store is one of Western Union's authorized delegates who  
18 violated this provision;

19 d. Western Union failed to maintain a record of the customer's identity for at  
20 least twenty eight (28) V-COM transactions in the amount of \$1000 or more  
21 conducted between September 2005 and October 2005;

22 e. Western Union authorized delegates failed to comply with the Arizona  
23 Attorney General's Geographical Targeting Order ("GTO") number 2005-1:  
24 between March 2005 and June 2005, at least forty seven (47) authorized  
25 delegates committed GTO violations including submitting forms with  
26 smudged, illegible, or unusable fingerprints with no comparison value, or  
27 no fingerprints, no receiver ID, unreadable copy of receiver ID, no  
28



signature, invalid signature, name on form different than the ID, or lacking required customer, paying agent or sender information, or failed to send the forms to the Arizona Attorney General's Office. .

3. The Department has found no evidence that Western Union's violations were willful or intentional.

4. Western Union has voluntarily agreed to take corrective action designed to comply with the Department's requests. However, such finding does not waive any provisions of this Consent Order.

#### **CONCLUSIONS OF LAW**

1. Pursuant to A.R.S. §§ 6-1201, *et seq.*, the Superintendent has the authority and the duty to regulate all persons engaged in the money transmitter business and with the enforcement of statutes, rules, and regulations relating to money transmitters.

2. By the conduct, set forth above, Western Union violated the following by failing to adequately supervise its authorized delegates:

- a. A.R.S. § 6-1213(A) by the authorized delegates failing to keep and preserve records that enable the Superintendent to determine compliance with applicable laws;
- b. A.R.S. § 6-1215(B) by the authorized delegates failing to maintain records that identify the source and identity of those employees conducting transactions using Western Union's money transfer system;
- c. A.R.S. § 6-1241(B) by the authorized delegates failing to file reports with the Arizona Attorney General's office regarding business in this state pursuant to the Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-5326, including any special measures that are established under 31 U.S.C. § 5318A, and 31 C.F.R. part 103 or 12 C.F.R. § 21.11);
- d. A.R.S. § 6-1241(E) by failing to retain all identifying information records for each V-COM transaction in the amount of \$1000 or more ; and

1 e. A.R.S. § 6-1241(J) by the authorized delegates failing to comply with the  
2 Arizona Attorney General's Geographical Targeting Order ("GTO")  
3 number 2005-1.

4 3. The violations, set forth above, constitute grounds for disciplinary action pursuant  
5 to A.R.S. §§ 6-123, 6-131, 6-132, 6-137, 6-1209 and 6-1210.

6 **ORDER**

7 1. Western Union shall supervise all Western Union authorized delegates as required  
8 by law and shall immediately stop the violations set forth above in the Findings of Fact and  
9 Conclusions of Law by complying with Paragraphs 2, 3, 4 and 8 set forth below.

10 2. Western Union shall, and shall take appropriate and reasonable actions to ensure  
11 that its authorized delegates shall:

- 12 a. Keep and preserve records that enable the Superintendent to determine  
13 compliance with applicable laws;  
14 b. Maintain records that identify the source and identity of those employees  
15 conducting transactions using Western Union's money transfer system;  
16 c. Send copies to the Arizona Attorney General's Office of all Suspicious  
17 Activity Reports regarding business in this state filed with the federal  
18 government pursuant to the Currency and Foreign Transactions Reporting  
19 Act, 31 U.S.C. § 5311-5326, and 31 C.F.R. Part 103 as required by A.R.S.  
20 § 6-1241(B);  
21 d. Retain all identifying information records for each transaction involving  
22 \$1,000.00 or more as required by A.R.S. § 6-1241(E); and  
23 e. Comply with all Arizona Attorney General's Geographical Targeting  
24 Orders for all transactions in the amount of \$500 or more.

25 3. Western Union shall immediately cease and desist, or, to the extent it has already  
26 done so, shall continue to cease and desist from conducting business through the following  
27 authorized delegate locations:  
28



- a. A-1 Food Store;
- b. Money Now #9;
- c. Del Sol Market #4;
- d. Money Mart #2268;
- e. Money Mart #2262;
- f. Money Mart #2253;
- g. BMN Business Associates, 635 N. Country Club, Mesa, AZ; and
- h. BMN Business Associates, 3205 W. McDowell Road, Phoenix, AZ.

4. Western Union shall immediately cease and desist conducting business through the following authorized delegates until Western Union determines that said authorized delegates can demonstrate they have improved their compliance program in a manner that will enable them to fully comply with Arizona law and the provisions of this Consent Order:

- a. 1 Stop Check Cashing at 6505 N. 59th Avenue, Glendale, AZ;
- b. Rayvan Check Cashing;
- c. AA Quickmart;
- d. Check and Send #8;
- e. Hispano Envios De Dinero; and
- f. Phoenix Check Cashers #4.

5. Within thirty (30) days after the execution of this Consent Order, Western Union shall immediately pay to the Department a civil money penalty in the amount of one **million six hundred thousand dollars (\$1,600,000.00)**.

6. Within five (5) days after the execution of this Consent Order, Western Union shall pay **four hundred thousand dollars (\$400,000.00)** via check made to: the "Arizona Department of Transportation," for the State Disparity Study Fund, in readily available United States funds. This payment shall be sent certified or express mail, return receipt requested, or by hand delivery to: Craig Rudolphy, Controller, Arizona Department of Transportation, 206 S. 17th Avenue, Mail Drop 202B, Phoenix, Arizona 85007.

1           7.       Within thirty (30) days after the execution of this Consent Order, Western Union  
2 shall immediately pay **one million dollars (\$1,000,000.00)** to the Arizona Fraudulent  
3 Identification Task Force for the investigation and prosecution of manufacturers and sellers of  
4 fraudulent identification in the State of Arizona.

5           8.       Within sixty (60) days after the execution of this Consent Order, Western Union  
6 shall implement and maintain an enhanced anti-money laundering compliance program for  
7 authorized delegates who are determined to represent a higher risk based on Western Union's  
8 assessment of various factors, including but not limited to:

- 9                   a.       the authorized delegate's location, size, business model and transaction  
10                            volume;
- 11                   b.       the results of audits and reviews of the authorized delegate's transaction  
12                            activity and compliance program and other monitoring processes;
- 13                   c.       an excessively high percentage or ratio of receive-to-send transactions from  
14                            certain states;
- 15                   d.       GTO compliance scores;
- 16                   e.       pattern of receive transaction volume which peaks between March and May  
17                            and is significantly lower the rest of the year; and
- 18                   f.       such other factors as Western Union may from time to time determine.

19           The program shall consist of policies and procedures reasonably designed to address the  
20 risks associated with such authorized delegates, including increased or additional program  
21 reviews, audits, monitoring, and training. Western Union may modify the program as appropriate  
22 based on, among other things, changes in the type of business activity engaged in by its authorized  
23 delegates, changes in transaction activity, and reassessment of risks associated with authorized  
24 delegates subject to the program.

25           9.       The provisions of this Order shall be binding upon Western Union, its employees,  
26 agents, and other persons participating in the conduct of the affairs of Western Union.



10. This Order shall become effective upon service, and shall remain effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated, or set aside.

11. This Order is in complete settlement of all regulatory liability of Western Union and its officers, directors, employees, or their successors or assigns, based upon any violations of laws and regulations:

a. Related to any applicable reporting or recordkeeping requirements under A.R.S. § 6-1241(J) and any GTOs issued thereunder, through June 6, 2006; and

b. Related to any other applicable reporting or recordkeeping requirements or to the supervision of its authorized delegates, including Title 6, Chapter 12, of the Arizona Revised Statutes and the Rules of the Arizona Administrative Code, through November 17, 2005.

12. Western Union shall identify a management-level (Vice President or above) person or persons to attend quarterly meetings with the Attorney General and representatives of the Department to discuss compliance issues and issues relating to Western Union's supervision of its authorized delegates. Such person or persons will have the authority to discuss such issues and, where appropriate, make decisions on behalf of Western Union. The quarterly meetings shall continue for two years from the effective date of the Order although the parties may voluntarily agree to continue them beyond that time.

SO ORDERED this 17th day of August, 2006.

By: Felecia Rotellini  
Felecia A. Rotellini  
Superintendent of Financial Institutions

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**CONSENT TO ENTRY OF ORDER**

1. Western Union acknowledges that it has been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware of its right to an administrative hearing in this matter, and has waived the same.

2. Western Union admits the jurisdiction of the Superintendent and consents to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.

3. Western Union states that no promise of any kind or nature has been made to induce it to consent to the entry of this Order, and that it has done so voluntarily.

4. Western Union acknowledges that this Order does not preclude the Superintendent from instituting other proceedings based on conduct or violations not released by this Order, as may be appropriate now or in the future.

5. Nothing in this Order, nor any act (including, but not limited to, the execution of this Order) of Western Union shall be treated, construed, or deemed as an admission by Western Union of any liability, fault, responsibility, or guilt of any kind, all such liability, fault, responsibility, and guilt of any kind being expressly denied.

6. Western Union further acknowledges that this Order does not preclude any other agency or office of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.

7. Western Union waives all rights to seek judicial review or otherwise to challenge or contest the validity of this Order.

8. It is the goal of Western Union to ensure compliance with applicable Arizona anti-money laundering laws and regulations, including Title 13, Chapter 23 of the Arizona Revised Statutes, and the Arizona money transmitter statutes, including the provisions of Title 6, Chapter 12 of the Arizona Revised Statutes and the Rules of the Arizona Administrative Code.

9. Western Union represents that Christina Gold is the President and CEO of Western Union and, in that capacity, has been authorized by Western Union to consent to the entry of this



1 Order on its behalf.

2 DATED this 15<sup>th</sup> day of August, 2006.

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4 By: Christina A. Gold  
5 Christina A. Gold, President and C.E.O.  
6 Western Union Financial Services, Inc.  
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2 ORIGINAL of the foregoing filed this 18<sup>th</sup>  
3 day of AUGUST, 2006, in the office of:

4 Felecia A. Rotellini  
5 Superintendent of Financial Institutions  
6 Arizona Department of Financial Institutions  
7 ATTN: June Beckwith  
8 2910 N. 44th Street, Suite 310  
9 Phoenix, AZ 85018

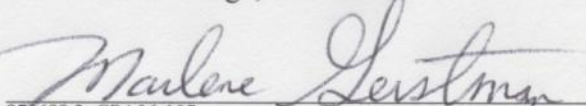
10 COPY mailed same date to:

11 Craig A. Raby  
12 Assistant Attorney General  
13 Office of the Attorney General  
14 1275 West Washington  
15 Phoenix, AZ 85007

16 Robert D. Charlton, Assistant Superintendent  
17 Justin Petersen, Examiner in Charge  
18 Arizona Department of Financial Institutions  
19 2910 N. 44th Street, Suite 310  
20 Phoenix, AZ 85018

21 AND COPY MAILED SAME DATE by  
22 Certified Mail, Return Receipt Requested, to:

23 Christina A. Gold, President/C.E.O.  
24 Western Union Financial Services, Inc.  
25 6200 South Quebec Street, Suite 240  
26 Greenwood Village, CO 80111

27   
28 970699.3; CPA06-107